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were expected to go back in considerable numbers to the old home and help in reorganizing the economic life of undeveloped or disorganized nations. Notably in Rumania, it was hoped that the place of the Germans in the business life of the country might be filled by competent Rumanian-American business men.

As a matter of fact, this movement has nowhere attained any considerable dimensions. Some remigration there has been; and often the returning emigrant found that though he had been, perhaps, imperfectly Americanized, he had been trained away from an understanding of the old home and its ways. In one or two notable instances, moreover, the inexperience and overconfidence of American-trained business men led to spectacular collapses which destroyed the prestige of all who came from America. Relief funds sent from America and relief workers going back from America have rendered valuable service almost everywhere, and the naturalized Amer-

ican, or his children, who go back only for a summer or so to enjoy the advantages of depreciated exchange and forbidden beverages, have done something to bring money into the country; but in the mass the importance of this is inconsiderable.

Eastern Europe badly needs American capital for productive development, but any investment on a large scale will require serious study by investors and entrepreneurs, and the willingness of subordinate executives to learn the language and the ways of new countries. This is so obvious that there would be no need of saying it if American trade and investment abroad had not suffered so much by neglect of these simple truths. Our political isolation, more or less accidental, has given us an investment opportunity quite as remarkable as our political opportunity of three or four years ago. It remains to be seen if the national timidity which threw away the one will lose the other, and with far less excuse.

America and the Attempt at Genoa

By JAMES G. McDONALD

Chairman, Executive Committee of the Foreign Policy Association

THE Genoa Conference has been one of the most interesting attempts to achieve peace that the statesmen of Europe have made since the Armistice. But why the need for the Conference? Certainly Europe has had conferences enough since the War; certainly Europe has had peace treaties enough since 1918. But no one today seriously argues that the treaty of Versailles, that of St. Germain, that with Hungary, or that of Sevres gave Europe effective peace. No one today seriously argues that the

numerous conferences which Lloyd George and his associates have held at many of the attractive watering places of western Europe have given real peace.

I mention these peace treaties and these peace conferences to emphasize what, to my mind, is the supreme fact in reference to the Genoa Conference, namely, that it is a desperate attempt on the part of Lloyd George to achieve what has not been achieved at any of these previous meetings, that is, effective peace in Europe.

ADVANTAGES OF THE GENOA CONFERENCE

What were the advantages which the Genoa Conference had over preceding conferences? The most important was the presence on a basis of equality of Germany and Russia. This facing of realities, this recognizing that Europe, if it is to be reorganized on a peace basis, must reestablish normal relations with Germany and Russia, was a tremendous initial advantage.

A second advantage was that the Genoa meeting was held three and one-half years after the Armistice. The farther we get away from the War, the more all of us are able to face realities and deal with things as they are rather than with things as we might like them to be.

The third advantage was the absence of the United States. I am going to try to prove later that it was a disadvantage to this country not to have been represented at Genoa, but I want to try to show at this juncture that our absence was an advantage to the Conference. Genoa profited by our absence, because, in my judgment, in reference to Russia, our Administration has today a more uncompromising and less intelligent attitude than any other great power. It is my profound belief that Mr. Hoover and Mr. Hughes, insisting on their present attitude towards Russia, would have, had they been at Genoa, made the task of reconciliation even more difficult than it was. They are demanding acceptance of a formula, drawn up a year ago, that would involve the complete overturning of the whole Soviet organization, which would, in turn, involve the Communists' committing suicide as far as their fundamental tenets are concerned. It is a policy which in the present circumstances has no chance

of success. Our presence at Genoa would have strengthened the intransigence of France and weakened the force of Lloyd George's admirable stand for peace on the basis of mutual concessions.

Also, America's presence at Genoa would have been a disadvantage because we should not have been in a position to do anything except issue pious preachments. Europe is tired of pious preachments from America, unaccompanied by constructive coöperation. We were not prepared to do anything about allied indebtedness. We were not prepared to relinquish our claims against France or Italy. On the contrary, we would, perhaps, have read France a lesson as to the desirability of moderation in reference to Germany. However, our lectures to France on the advantage of moderating her claims against the vanquished, would have had little effect unless we were willing to give France an example of like moderation. Until we are prepared to consider some kind of arrangement for the cancellation or reduction of France's obligations to us, our advice to her is at once futile and gratuitous.

Because of our dogmatic policy towards Russia and because we are not ready to do anything to help France, either with her economic problem or with her problem of security, our absence from Genoa was a source of strength to the Conference.

If there were these elements of strength, what were the elements of weakness at Genoa? Obviously, the most important were two: the exclusion from the agenda of any reference to land armament or any reference to German reparations. No serious student of European politics today doubts that the two most important running sores in the European situation are the overbearing burden of land

armament and the failure to settle German reparations on a practical business basis.

OUR OWN DISADVANTAGE

For the United States, it was a distinct disadvantage that our representatives were not at Genoa. If we had gone, we might have learned much. We would have had an opportunity to learn that, in the eyes of many of the representatives there, our attitude towards the Soviets is just as dogmatic as that of the Soviets towards capitalism. We would have been told that Europe, much nearer than we to Russia, much more vitally dependent than we on Russian rehabilitation, does not accept our doctrinaire four points as the most likely solution of the Russian problem. Perhaps we would have come to realize that if we are to expect Chicherin and his associates to modify their Communistic formulas, we must be prepared to modify our capitalistic dogmas. Moreover, I am confident that Mr. Lloyd George and Mr. Barthou would have managed, somehow, to make clear to our delegates that while they appreciated our advice about scaling down German reparations, they were convinced that reparations were tied up with inter-allied indebtedness and that America could best contribute towards the solution of the problem of German obligations by aiding in finding a solution of the related and equally pressing problem of allied obligations. Whatever the effect of our presence on the Conference itself, had we gone to Genoa, we, at least, should have had an opportunity to profit.

What happened at Genoa? It is difficult to summarize. There was one crisis after another. It was a wonderful opportunity for the headline artists of our newspapers, but no occasion for serious students of the economic situa-

tion. The excitement began with the startling crisis on the first day, when the Russian delegate, Chitcherin, had the "audacity" to suggest that, perhaps after all, disarmament might be discussed. Immediately the French delegate, Mr. Barthou, was on his feet exclaiming that if disarmament was mentioned, France must interject a positive, unequivocal No, No, No! The Russian did not miss his opportunity. Very quietly and tellingly Chitcherin replied that he had understood the French at the Washington Conference to suggest that one of the two reasons they could not reduce their army was the Russian army. Therefore, he had presumed that France would be glad that Russia was prepared to discuss the problem of proportionate reduction. Then Chitcherin sat down—a notable victory, in public opinion, won for Russia.

ALLIED CLAIMS

The second crisis was precipitated by the first statement of allied claims, amounting to about \$12,000,000,000. The Russians countered by suggesting that if they owed \$12,000,000,000, the Allies owed \$60,000,000,000 for the destruction wrought in Russia incident to the allied-supported counter-revolutionary efforts of Wrangel, Denikin, Kolchak, etc. These figures were not taken seriously. The Allies did not believe that they were going to be paid \$12,000,000,000. Certainly, the Russians did not believe they were going to be paid \$60,000,000,000.

This crisis, prolonged for weeks, was ended when the Russians made their exhaustive, wordy, argumentative, and, we should add, somewhat provocative reply of May 11 to the allied memorandum of May 2. The gist of the Russian answer follows:

Making exception of war debts . . . the Russian delegation has declared itself

prepared to accept liabilities for the payment of public debts on condition that losses caused Russia by intervention and by blockade are recognized.

In law the Russian counter-claims are infinitely better justified than the claims of the Allies and the Nationals. Practice and theory agree in imposing responsibility for losses caused by intervention and blockade on governments which institute them. Without quoting other cases, we shall limit ourselves to recalling the decisions of the Court of Arbitration at Geneva, September 14, 1872, in the terms of which Great Britain had to pay the United States \$15,500,000 for losses caused to that country by the privateer *Alabama*, which in the Civil War between the northern and southern states assisted the latter.

Intervention and blockade on the part of the Allies and neutrals against Russia constituted on their part official acts of war. But in its desire to reach a practical agreement the Russian delegation, April 21, "entered on concessions of the widest description and declared itself disposed conditionally to renounce its counter-claims and accept the engagements of the former government in exchange for a number of concessions . . . the most important being real credits placed at the disposal of the Russian government amounting to a sum to be determined in advance."

Unfortunately, this engagement by the powers has not been kept. The memorandum says nothing definite concerning the credits which the signatories would be ready to grant the Russian government, and the credits which they promise to grant to their nationals trading with Russia bear a discretionary character.

In the same way the memorandum entirely defers the question of war debts, and "similarly leaves for discussion a moratorium and the cancellation of interest on pre-war debts, remitting the final decision of this question to the competence of an arbitral tribunal instead of fixing it in the agreement itself, contrary to that which is provided even in the London memorandum."

If, nevertheless, the powers wish to consider a solution of the financial diffi-

culties outstanding between themselves and Russia, taking into account the fact that this question necessitates, from the nature and extent of the claims presented to Russia, a study more profound and an appreciation more just of the credits available for her, this task could be entrusted to a mixed committee of experts nominated by the conference. . . .

Russia came to the conference with conciliatory intentions. She still hopes that her efforts in this direction will be crowned with success.

On the basis of this reply the Hague Conference of June 15 was agreed to.

THE "SECRET" TREATY

The third crisis arose over the Russo-German Treaty, that "shocking secret" treaty. It was merely a treaty of peace, a mutual cancellation of war claims and a general agreement to work together for the economic welfare of both countries. On the surface, it appears a very sensible, practical sort of proposal. But it shocked the diplomats inexpressibly. It was "treason"; it was "disloyalty"; it was "secret." It was an amazing thing to see the diplomats shocked about a treaty, which was not really secret at all. It was published immediately after it was signed. It was amazing to find those same diplomats, who during the War did not even confide to the associated powers a whole series of secret treaties, leaving Mr. Wilson to go to Paris to settle the peace of the world without knowing the content of the most important treaties made during the War, so easily upset. It was surprising to find these same diplomats horrified and shocked by a treaty which was negotiated exactly as was our own treaty with Germany.

The fact is that the allied outcry against the German and Russian treaty was largely camouflage, largely noise made to hide for the moment

their consternation or surprise. I do not believe that Lloyd George was at any time seriously disturbed by the Russo-German agreement itself, except as he anticipated it might forecast a permanent Russo-German alliance which, if a general peace were not made with Russia, might ultimately endanger the peace of Europe.

RESULTS OF THE CONFERENCE¹

Summing up the Conference: If we were today to assess the concrete results of the Conference, we should be able to do it very briefly, because there have been no concrete results, except the reports of certain technical commissions on transportation and economics. These reports, however, are only preachments and must remain non-effective unless Europe can settle her political differences. Genoa has not been an economic conference at all. Our Administration was right when it anticipated that it would be primarily a political conference. There have been no concrete economic results.

Moreover, Lloyd George has probably failed to get his general non-aggressive pact. His intense desire to secure a general European treaty, embodying promises by each power not to attack the territories of its neighbors during ten years, has been frustrated. But failing in these things, the Genoa Conference has been tremendously interesting as disclosing the real political forces in Europe. Genoa has been worth while because it has witnessed a meeting of realities.

¹ This paper was written before the Genoa Conference had completed its work.—C. L. K.

Statesmen have dealt with real forces. Genoa has been like a lightning flash which, illuminating the darkness, has shown clearly the tendencies in present-day European alignments. Genoa has shown more strikingly than ever before the virtual isolation of France. Genoa has shown the natural and inevitable tendency of Russia and Germany to draw together. Genoa has shown that in a division of this sort, the neutrals have inclined towards Russia and Germany rather than towards France. Genoa has shown England inclined towards Germany and Russia rather than towards France. Genoa has been a striking example of the danger to France of the policy she has pursued since the War.

If Genoa fails, has it been France's fault? Yes, is the easiest answer. Certainly, France must bear a considerable measure of the blame. But if Genoa breaks up and Europe divides into two warring camps, the responsibility is primarily ours. We have done nothing since the Washington Conference to help the European situation. We have been unwilling to go to Genoa; we have been unwilling to offer France anything; we have been unwilling to deal with Russia; we have limited ourselves to pious, superior preachments which help Europe not at all. Until we are in a position to say to France that we are prepared to help her with her two major problems, the problem of security and the problem of economics; until we are prepared to say, "We will help you to be secure; we will help you to be solvent," it does not lie in our mouths to blame France.